

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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India

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India to Levy New Surcharge on Imported Goods

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Report Highlights:

On February 1, 2018, Finance Minister Arun Jaitley presented the Government of India's (GOI) annual budget for Indian Fiscal Year (IFY) 2018/19. The GOI's Union Budget of 2018 abolished the Education Cess and the Secondary and Higher Education Cess. The budget introduced a Social Welfare Surcharge of 10 percent of the basic customs duty on imported goods, including food and processed food products.

General Information:

Disclaimer: The information contained in this report was retrieved from the Ministry of Finance's website <http://www.finmin.nic.in/>. The Office of Agricultural Affairs and the U.S. Government make no claim of accuracy or authenticity.

Date of Announcement: February 1, 2018

Date of Enforcement: February 2, 2018

Products Effected: All imported goods

Agency in Charge: Government of India's [Ministry of Finance](#)

On February 1, 2018, the Ministry of Finance presented India's annual budget for IFY 2018/19 which runs from April 1, 2018 to March 31, 2019. The GOI with its Union Budget of 2018, abolished the two percent Education Cess and the one percent Secondary and Higher Education Cess and replaced it with a Social Welfare Surcharge (SWS) of 10 percent of the basic customs duty on imported goods, including food and processed food products. The SWS collected will provide for various social welfare schemes. (Reference Clause 108, [Finance Bill, 2018](#))

Important Points:

- SWS will be levied on all imported goods with effect from February 2, 2018, to provide funding for education, health, and social security.
- The Education Cess and the Secondary and Higher Education Cess levied on imported goods is being abolished by omitting chapter VI in Finance Act (No. 02) 2004, and Finance Act, 2007, respectively.
- Against Notification [07/2018- customs](#) and [08/ 2018- customs](#) of February 2, 2018, and until the enactment of the [Finance Bill, 2018](#), the Education Cess and the Secondary and Higher Education Cess levied on imported goods are exempted fully.
- Against [Notification 11/ 2018- customs](#), of February 2, 2018, specified goods, which were exempt from the levy of the Education Cess and the Secondary and Higher Education Cess under notification 69/2004 – customs of July 09, 2004 and 28/ 2007- customs of March 1, 2007, respectively are exempted from the levy of the SWS. The list of agricultural items exempted from the SWS is listed, below.

India: Select Harmonized Tariff System Codes Exempted* from the SWS

1. 02071300 – Poultry (*Gallus domesticus*) cuts and offals, chilled
2. 02071400 – Poultry (*Gallus domesticus*) cuts and offals, frozen
3. 040210 – Milk powder containing added sugar/sweetener with fat content < 1.5 percent
4. 04022100 – Milk powder with no added sugar with fat content > 1.5 percent
5. 04051000 – Butter
6. 04052000 – Dairy spreads
7. 040590 – Other milk/dairy spreads (e.g., Ghee or Butter Oil)
8. 07032000 – Garlic, fresh or chilled
9. 07131000 – Peas, dried
10. 08021100 – Almonds In Shell
11. 080280 – Areca nuts
12. 08054000 – Grapefruit and pomelos
13. 080620 – Grapes, dried
14. 08081000 – Apples
15. 08094000 – Plums and sloes
16. 08132000 – Prunes
17. 090111 – Coffee, not roasted and not decaffeinated
18. 09019010 – Coffee husks and skins
19. 1006 – Rice
20. 1502 – Fats of bovine animals, sheep or goats, (e.g., Tallow)
21. 15153090 – Castor oils, not edible
22. 210690** - Food Preparations NESOI
23. 220710 – Ethyl alcohol, undenatured, with strength by volume > or equal 80 percent
24. 2208 – Ethyl alcohol, undenatured, with strength by volume < 80 percent

* Products are at or near their WTO-bound tariff rate and applying the SWS may make the final tariff and surcharge calculation exceed the bound rate.

** Certain products under this HTS may still be charged the SWS.